

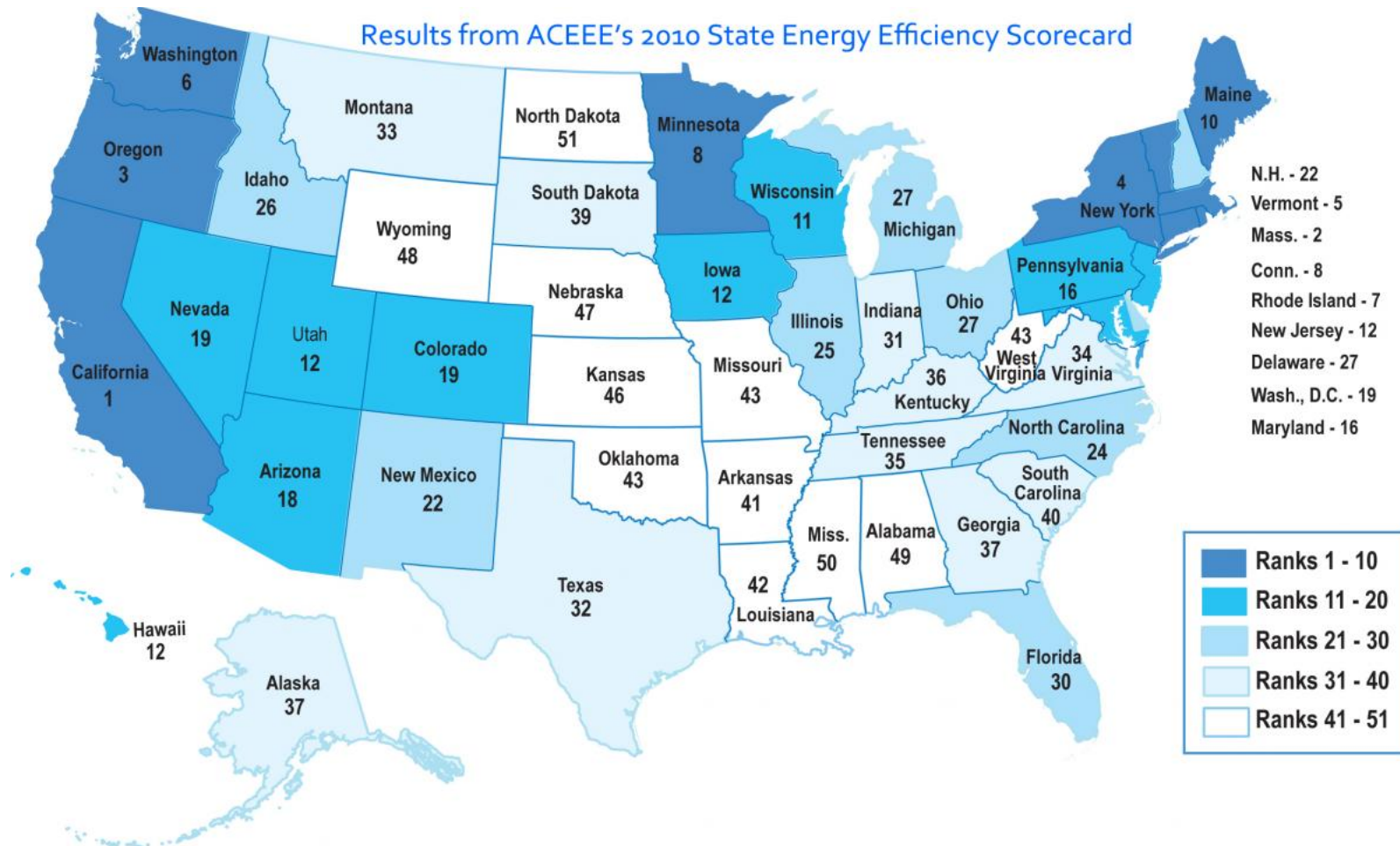
Update on Utility Energy Efficiency Programs in the Southwest

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ACEEE 2010 State Energy Efficiency Scorecard



Recent Policy Developments

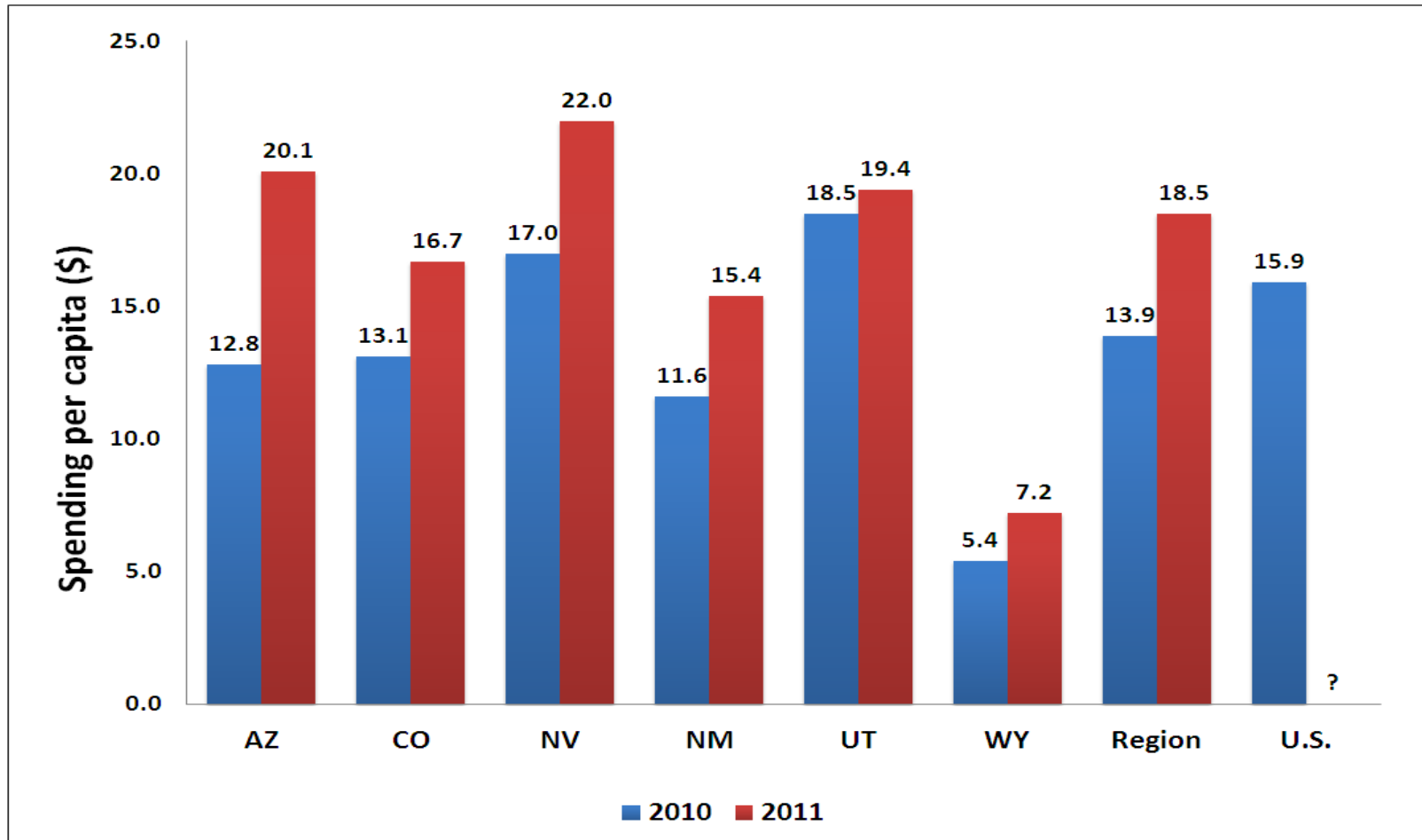
- ❑ Mostly positive—majority of large electric utilities in the region above or near 1% savings per year!
- ❑ Electric efficiency standards adopted in Arizona – IOUs required to achieve 12% energy savings by 2016, 22% savings by 2020
- ❑ Energy savings goals increased by 30% for Xcel Energy in Colorado during 2012-2020
- ❑ Decoupling endorsed by the ACC in Arizona, in place for gas utilities in Utah and Wyoming
- ❑ Lost revenue mechanism implemented in Nevada
- ❑ But DSM budgets cut in Nevada; push back on incentive “adder” and DSM expansion in New Mexico

Electric Utility Efficiency Programs in the Southwest

State	Electric DSM Program Spending/Budgets (million \$ per year)					
	2002	2004	2006	2008	2010	2011 (est.)
AZ	4	4	19	40	82	130
CO	11	21	18	28	66	85
NV	3	11	30	55	46	60
NM	1	1	1	10	24	32
UT	9	16	27	36	51	54
WY	~0	~0	~0	~0	3	4
Region	29	54	95	170	272	365

Source: SWEEP data

Electric DSM Spending per Capita



Key Results – Electric Utilities

- Nevada Power Co. reduced electricity use by 1.3% per year from 2010 programs
- Arizona IOUs (APS and TEP) each reduced electricity use by 1.1% per year
- Rocky Mountain Power-UT reduced electricity use by 0.9% per year
- Program portfolios are very cost effective with a benefit-cost ratio of 1.8-3.3 and an average cost of saved energy of \$0.03-0.05 per kWh under the TRC or societal test

Electricity Savings, Net Economic Benefits, and Avoided CO₂ Emissions from Utility DSM Programs in the Southwest

Year	First Year Energy Savings (GWh/yr)	Energy Savings from Cumulative Programs (GWh/yr)	Net Economic Benefits from Annual Programs (Million \$)	Avoided CO2 Emissions (1000 metric tons)
2003	175	175	113	122
2004	240	415	146	290
2005	350	765	189	535
2006	625	1,390	256	973
2007	930	2,320	332	1,624
2008	1,400	3,720	459	2,604
2009	1,510	5,230	649	3,661
2010	1,725	6,955	742	4,868
Total	5,230	--	2,886	14,677

Key Issues and Challenges

- ❑ Can electric utilities reach and sustain 1.5% or greater savings per year, year after year?
- ❑ What impact will reduced load growth and declining avoided costs have?
- ❑ Will there be a customer backlash as DSM budgets (including disincentive removal and/or shareholder incentives) reach or exceed 4% of revenues?
- ❑ Should utilities keep promoting CFLs after the federal lamp standards kick in?

Key Issues and Challenges (cont.)

- ❑ What role can emerging technologies and new program strategies play?
- ❑ What role can/should utilities play in supporting tougher building energy codes?
- ❑ What are reasonable shareholder incentives, balancing utility and customer concerns? What about decoupling and lost revenue recovery?
- ❑ How can we ramp up the EE efforts of non-regulated utilities, i.e., muni's and rural electric co-ops?

SWEEP:

Dedicated to More Efficient Energy Use in the Southwest

Resources available online at:

www.swenergy.org

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